

AMENDED IN SENATE JULY 1, 2003

AMENDED IN SENATE JUNE 19, 2003

AMENDED IN SENATE JUNE 2, 2003

AMENDED IN ASSEMBLY MARCH 25, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 523**

**Introduced by Assembly Member Calderon**

February 18, 2003

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An act to amend Section 7507.9 of the Business and Professions Code, relating to collateral recovery.

LEGISLATIVE COUNSEL'S DIGEST

AB 523, as amended, Calderon. Collateral recovery.

Existing law, the Collateral Recovery Act, requires a licensed repossession agency to make an inventory of personal property recovered that is not covered by a debtor's security agreement. Existing law requires a licensee to provide the inventory to the debtor within a certain timeframe.

This bill would require a licensee to keep the inventory document confidential and restrict its disclosure.

Because this bill would place additional requirements on a person licensed under the Collateral Recovery Act, the violation of which is a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state.

Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 7507.9 of the Business and Professions  
2 Code is amended to read:

3 7507.9. If personal effects or other personal property, not  
4 covered by a security agreement, are contained in or on collateral  
5 at the time it is recovered, the effects shall be removed from the  
6 collateral subject to the security interest, a complete and accurate  
7 inventory shall be made, and the personal effects shall be labeled  
8 and stored by the licensee for a minimum of 60 days in a secure  
9 manner, except those personal effects removed by or in the  
10 presence of the debtor or the party in possession of the collateral  
11 at the time of the repossession.

12 (a) The date and time the inventory is made shall be indicated  
13 and shall be signed by the repossession agency registrant or  
14 employee who performs the inventory.

15 (b) The following items of personal effects are items  
16 determined to present a danger or health hazard when recovered  
17 by the licensee and shall be disposed of in the following manner:

18 (1) Deadly weapons and dangerous drugs shall be turned over  
19 to a local law enforcement agency for retention. These items shall  
20 be entered on the inventory and a notation shall be made as to the  
21 date and the time and the place the deadly weapon or dangerous  
22 drug was turned over to the law enforcement agency, and a receipt  
23 from the law enforcement agency shall be maintained in the  
24 records of the repossession agency.

25 (2) Combustibles shall be inventoried and noted as “disposed  
26 of, dangerous combustible,” and the item shall be disposed of in  
27 a reasonable and safe manner.

28 (3) Food and other health hazard items shall be inventoried and  
29 noted as “disposed of, health hazard,” and disposed of in a  
30 reasonable and safe manner.



1 (c) Personal effects may be disposed of after being held for at  
2 least 60 days. The inventory, and adequate information as to how,  
3 when, and to whom the personal effects were disposed of, shall be  
4 filed in the permanent records of the licensee.

5 (d) The inventory shall include the name, address, business  
6 hours, and phone number of the person at the repossession agency  
7 to contact for recovering the personal effects and an itemization of  
8 all personal effect removal and storage charges that will be made  
9 by the repossession agency. The inventory shall also include the  
10 following statement: "Please be advised that the property listed on  
11 this inventory will be disposed of by the repossession agency after  
12 being held for 60 days from the date of this notice IF  
13 UNCLAIMED."

14 (e) The inventory shall be provided to a debtor not later than 48  
15 hours after the recovery of the collateral, except that if:

16 (1) The 48-hour period encompasses a Saturday, Sunday, or  
17 postal holiday, the inventory shall be provided no later than 72  
18 hours after the recovery of the collateral.

19 (2) The 48-hour period encompasses a Saturday or Sunday and  
20 a postal holiday, the inventory shall be provided no later than 96  
21 hours after the recovery of the collateral.

22 (3) Inventory resulting from repossession of a yacht,  
23 motorhome, or travel trailer is such that it shall take at least four  
24 hours to inventory, then the inventory shall be provided no later  
25 than 96 hours after the recovery of the collateral. When the  
26 96-hour period encompasses a Saturday, Sunday, or postal  
27 holiday, the inventory shall be provided no later than 120 hours  
28 after the recovery of the collateral.

29 (f) Environmental, Olympic, special interest, or other license  
30 plates issued pursuant to Article 8 (commencing with Section  
31 5000), Article 8.4 (commencing with Section 5060) or Article 8.5  
32 (commencing with Section 5100) of Chapter 1 of Division 3 of the  
33 Vehicle Code that remain the personal effects of the debtor shall  
34 be removed from the collateral and inventoried pursuant to this  
35 section. If the plates are not claimed by the debtor within 60 days,  
36 they shall be effectively destroyed and the licensee shall, within 30  
37 days thereafter, notify the Department of Motor Vehicles of their  
38 effective destruction on a form promulgated by the chief which has  
39 been approved as to form by the Director of the Department of  
40 Motor Vehicles.

1 (g) The notice may be given by regular mail addressed to the  
2 last known address of the debtor or by personal service at the  
3 option of the repossession agency.

4 (h) The debtor may waive the preparation and presentation of  
5 an inventory if the debtor redeems the personal effects or other  
6 personal property not covered by a security interest within the time  
7 period for the notices required by this section and signs a statement  
8 that he or she has received all the property.

9 (i) If personal effects or other personal property not covered by  
10 a security interest are to be released to someone other than the  
11 debtor, the repossession agency may request written authorization  
12 to do so from either the debtor or the legal owner.

13 (j) The inventory shall be a confidential document ~~and the~~  
14 ~~licensee~~. *The licensee, without the written consent of the debtor,*  
15 shall not disclose its contents to anyone other than the debtor or the  
16 person who was in possession of the collateral at the time of the  
17 repossession.

18 SEC. 2. No reimbursement is required by this act pursuant to  
19 Section 6 of Article XIII B of the California Constitution because  
20 the only costs that may be incurred by a local agency or school  
21 district will be incurred because this act creates a new crime or  
22 infraction, eliminates a crime or infraction, or changes the penalty  
23 for a crime or infraction, within the meaning of Section 17556 of  
24 the Government Code, or changes the definition of a crime within  
25 the meaning of Section 6 of Article XIII B of the California  
26 Constitution.

